

Message Text

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ACTION NEA-16

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2692

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: INDIAN FOODGRAIN SITUATION

REF: NEW DELHI 8599

BEGIN SUMMARY: THE MONSOON'S OVERALL PERFORMANCE CONTINUES TO BE BELOW NORMAL, ACCORDING TO DATA UP TO JULY 10. TARDINESS AND BELOW NORMAL PRECIPITATION OF THE MONSOON HAS KEPT WATER LEVELS IN MOST MAJOR RESERVOIRS AT VERY LOW LEVELS CAUSING IN SOME AREAS A FURTHER CUTBACK IN POWER GENERATION AND WATER AVAILABLE FOR IRRIGATION. FOODGRAIN PRICES IN GENERAL CONTINUE THEIR UPWARD TREND AND ARE LIKELY TO ACCELERATE DURING THE NORMAL LEAN SUMMER MONTHS. WHEAT PROCUREMENT CONTINUES TO RUN SUBSTANTIALLY BEHIND PREVIOUS YEAR'S PACE. END SUMMARY

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1. THE PROGRESS OF THE MONSOON TOWARD NORTH AND NORTHWESTERN INDIA

CONTINUES TO BE SLOW, ALTHOUGH THERE HAS BEEN SOME IMPROVEMENT IN PRECIPITATION IN PARTS OF THE COUNTRY DURING THE PAST FEW DAYS. THE OVERALL PERFORMANCE OF THE MONSOON AS OF JULY 10 WAS BELOW AVERAGE AND COMPARED UNFAVORABLY WITH ITS PERFORMANCE DURING THE SAME TIME PERIOD IN 1973. CUMULATIVE RAINFALL FROM JUNE 1 TO JULY 10 IN THE CURRENT MONSOON SEASON WAS NORMAL OR ABOVE NORMAL IN ONLY 12 OUT OF THE 35 WEATHER ZONES, COMPARED TO 30 OUT OF 35 WEATHER ZONES DURING THE SAME TIME PERIOD IN 1973.

2. THE MONSOON'S BELOW NORMAL PRECIPITATION AND TARDY COVERAGE HAS IN MANY AREAS: (A) DELAYED PLANTINGS OF THE KHARIF (FALL/WINTER-HARVESTED) FOODGRAIN CROPS, AND THE TRANSPLANTING OF RICE; AND (B) SLOWED THE DEVELOPMENT OF THOSE CROPS ALREADY PLANTED. DEPENDING ON THE PERFORMANCE OF THE MONSOON FOR THE BALANCE OF THE SEASON (JUNE 1-SEPTEMBER 30), THIS WILL REDUCE YIELDS OF THE CURRENT YEAR'S KHARIF CROPS.

3. WATER STORAGE POSITION IN MANY OF THE COUNTRY'S MAJOR RESERVOIRS, WHICH ARE USED FOR IRRIGATION AS WELL AS FOR GENERATION OF HYDRO-ELECTRICITY, CONTINUES TO BE UNSATISFACTORY AND MUCH BELOW THE LEVELS OF LAST YEAR. IN NORTH INDIA, POWER GENERATION FROM BHAKRA DAM CONTINUES TO BE RESTRICTED BECAUSE OF THE ABNORMALLY LOW WATER LEVEL IN THE GOBINDSAGAR LAKE. POWER ALLOCATION TO INDUSTRIAL UNITS IN PUNJAB AND HARYANA STATES DURING THE MONTH OF JUNE 1974 WAS ONLY 40 PERCENT OF REQUIREMENTS. SINCE AGRICULTURE IS BEING ACCORDED PRIORITY TREATMENT IN THE ALLOCATION OF POWER FROM BHAKRA, THE CUTBACK FOR AGRICULTURE WAS ONLY BETWEEN 15 TO 20 PERCENT.

4. CONGEN MADRAS REPORTS THAT WATER FROM THE GIANT METTUR DAM, WHICH IS USED FOR IRRIGATING 500,000 ACRES IN THE TAMIL NADU'S TANJORE DELTA RICE BOWL, HAS NOT BEEN RELEASED YET BECAUSE OF ITS LOW WATER STORAGE LEVEL. WATER FROM THE METTUR DAM SHOULD NORMALLY BE RELEASED BY THE LAST WEEK IN JUNE. SIMILARLY, THE WATER LEVEL IN THE LINGANAMAKKI RESERVOIR OF THE SHARAVATHI PROJECT, WHICH ACCOUNTS FOR 90 PERCENT OF THE ELECTRICITY GENERATED IN KARNATAKA STATE (MYSORE), IS REPORTED TO BE AT AN EXTREMELY LOW POINT. THIS HAS FORCED THE KARNATAKA STATE GOVERNMENT TO RAISE THE POWER CUT FROM 20 TO 60 PERCENT FOR MOST INDUSTRIES.

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5. FOODGRAIN SUPPLIES IN MOST AREAS OF INDIA CONTINUE TIGHT AND ARE EXPECTED TO BECOME TIGHTER DURING THE NEXT 2-3 MONTHS. THE ALL-INDIA OFFICIAL WHOLESALE PRICE INDEX FOR ALL FOODGRAINS DURING JUNE 1974 AVERAGED 375.2, UP 1.2 PERCENT FROM THE PREVIOUS MONTH'S AVERAGE OF 370.8. THE WHOLESALE WHEAT PRICE INDEX DURING THE SAME TIME PERIOD, HOWEVER, DECLINED FROM 356.1 TO 347.0--A FALL OF 2.6 PERCENT. THE DECLINE IN THE WHEAT PRICE INDEX OCCURRED MAINLY BECAUSE OF THE IMPOSITION OF A CEILING PRICE OF RS. 150 PER QUINTAL IN RESPECT OF WHEAT SALES BY THE SURPLUS STATES TO DEFICIT

STATES. IT ALSO DOES NOT TAKE ACCOUNT OF UNRECORDED WHEAT SALES. COMPARED TO ONE YEAR AGO, THE JUNE 1974 ALL FOODGRAINS PRICE INDEX AND THE WHEAT PRICE INDEX WERE UP 35.8 PERCENT AND 64.3 PERCENT, RESPECTIVELY.

6. WHEAT PROCUREMENT TOTALED APPROXIMATELY 1.62 MILLION TONS AS OF JULY 10 COMPARED TO APPROXIMATELY 4.25 MILLION TONS DURING THE SAME TIME PERIOD LAST YEAR. PUNJAB LEADS IN PROCUREMENT WITH APPROXIMATELY 840,000 TONS, FOLLOWED BY UTTAR PRADESH WITH 285,000 TONS, AND HARYANA WITH 230,000 TONS. DURING SAME TIME PERIOD LAST YEAR, THESE THREE STATES HAD PROCURED APPROXIMATELY 2,550,000, 730,000, AND 560,000 TONS RESPECTIVELY.

7. THREE SWARMS OF MATURE LOCUSTS ENTERED INDIA THROUGH PAKISTAN DURING THE LAST WEEK OF JUNE. EGG-LAYING ACTIVITIES AND EMERGENCE OF HOPPERS HAVE BEEN OBSERVED IN PARTS OF RAJASTHAN. ACCORDING TO OFFICIAL REPORTS, SOME MORE SWARMS MAY ENTER INDIA SHORTLY. THE GOI AND THE RAJASTHAN STATE GOVERNMENT HAVE INITIATED EXTENSIVE CONTROL MEASURES AND ARE CONFIDENT ABOUT THEIR ABILITY TO CONTROL THE SITUATION.
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